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# Labor Migration in the United Arab Emirates: Challenges and Responses

**SEPTEMBER 18, 2013** FEATURE | By Froilan T. Malit Jr. and Ali Al Youha



Migrant workers in Dubai. India, Bangladesh, and Pakistan

Over the past few decades, the United Arab Emirates (UAE)—one of the world's pre-eminent oil-rich nations located in the Gulf Cooperation Council (GCC) region—has become a popular destination for temporary labor migrants seeking employment opportunities and higher standards of living. In 2013, the UAE had the fifth-largest international migrant stock in the world with 7.8 million migrants (out of a total population of 9.2 million), according to United Nations (UN) estimates.

With immigrants, who come particularly from India, Bangladesh, and

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are the top countries of origin of temporary labor migrants in the United Arab Emirates. (Photo: Paul Keller)

Pakistan, comprising over 90 percent of the country's private workforce, the UAE attracts both low- and high-skilled migrants due to its economic attractiveness, relative political stability, and modern infrastructure—despite a drop in oil prices and the international

banking crisis in 2008.

Heavily reliant on foreign labor to sustain economic growth and high standard of living in the country, the UAE government in 1971 introduced a temporary guest worker program called the Kafala Sponsorship System, which allows nationals, expatriates, and companies to hire migrant workers. The Kafala system has posed a number of challenges for UAE policymakers both at home and in the eyes of international onlookers. Chief among them: ensuring economic opportunities for UAE nationals, and closing policy and implementation gaps to address widespread concerns that migrants fall victim to labor and human-rights abuses in the UAE.

Over the past several years, the UAE government has substantively reformed its laws to address the concerns of those who condemn the Kafala system for exposing migrant workers, especially domestic workers, to abusive practices. Recent measures have ranged from outlawing employer confiscation of workers' passports to allowing workers to transfer employer sponsorship and introducing wage protection measures. Despite these efforts, human-rights and migrant organizations maintain that abusive labor practices have persisted at alarming rates, largely due to poor enforcement. Furthermore, the Kafala system poses many domestic challenges for UAE policymakers, from effectively controlling the costs of the program (according to researcher Mouawiya Al Awad, the UAE government invests approximately \$3,000 per foreign-born worker to maintain its national infrastructure and services, e.g. police security and subsidized programs) to, more generally, ensuring economic opportunities for its own nationals.

Drawing from policy reports and interviews with UAE policymakers, this article examines the economic, social, and political challenges and implications of the Kafala system for the UAE government, Emirati nationals, and migrant workers in the UAE.

### **Temporary Labor Migration: A Regional Trend**

The GCC region—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE—is the most popular destination for temporary labor migrants of any world region, and flows have continued to increase over the past three decades (see Table 1). According to researchers Nasra Shah and Philippe Fargues, these migrants comprised more than 43 percent of the region's total population in 2010, and their share is expected to continue to grow over the next decade.

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Year	Number			Share		Annual Growth Rate	
	Total	Native Born	Foreign Born	Native Born	Foreign Born	Native Born	Foreign Born
1975	9,731,259	8,790,223	941,036	90.3%	9.7%	3.2%	14.5%
1990	22,522,620	14,201,239	8,241,381	63.4%	36.6%	3.3%	5.0%
2010	41,093,624	23,536,409	17,557,409	57.3%	42.7%		

Source: Shah, Nasra and Philippe Fargues. 2013. The Socio-economic Impacts of GCC Migration. Cambridge: Gulf Research Centre. [Available online](#).

Note: Estimates do not include unauthorized migrants, estimated in the tens of thousands to hundreds of thousands from the 1970s forward.

The majority of migrants in GCC countries are male, although the share of women — especially in the cases of Bangladesh, Indonesia, and the Philippines — has increased over the past few decades. The vast majority of foreign-born working men are employed in low-skilled service sectors, while women are most often employed in domestic services and retail jobs. The region also attracts large numbers of high-skilled migrants from countries of the Organization for Economic Cooperation and Development (OECD), particularly in the oil and gas, education, finance, and investment sectors.

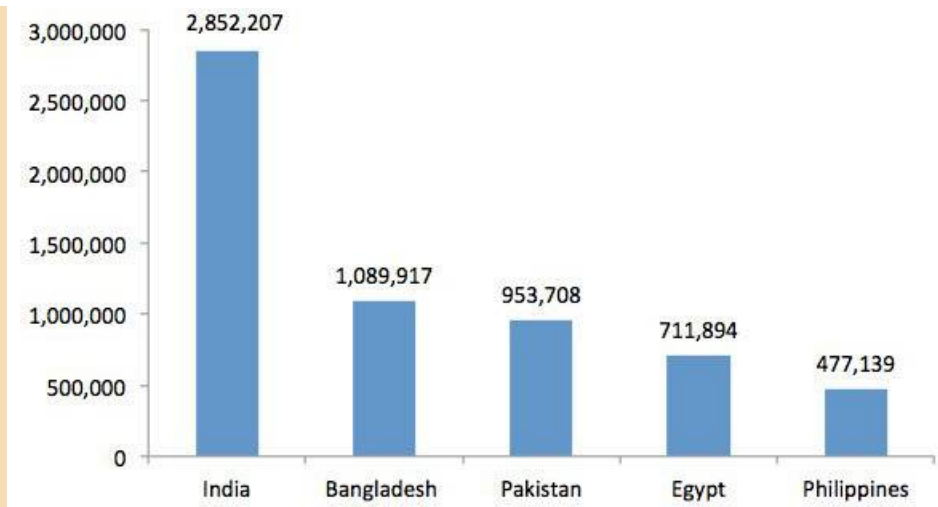
### **The UAE: A Lure for Low- and High-Skilled Migrants**

Immigration has been the primary driver of population growth in the UAE since the 1990s, with immigrants making up the vast majority of the total population in 2013. Immigrants from Asia and the Middle East and North African (MENA) region have dominated the low- and semi-skilled sectors, while workers from the United Kingdom, United States, Australia, Canada, and various Western European countries have become concentrated in the UAE's key high-skilled sectors: the oil and gas industry as well as banking and finance (see Table 2).

There are at least 400,000 foreign-born domestic workers in the UAE from mainly Asian countries. Under the Kafala system, domestic workers fall under the authority of the Ministry of Interior, while all other foreign-born workers fall under the Ministry of Labor. As a result, they are excluded from national labor laws, and their labor complaints are often dealt with by police only.

About 65,000 unauthorized migrants — including those who entered the country illegally, visa over-stayers, migrants working on tourist visas, and others — currently reside in the UAE, according to official estimates (unofficial estimates run up to 135,000). An unknown but likely significant number of migrants lack any identification papers after having “absconded” or abandoned abusive employers who withhold their passports, an outlawed but customary practice under the Kafala system.

Figure 1: Top Five Origin Countries of the Foreign-Born Population in the United Arab Emirates



Source: United Nations. 2013. Total Migrant Stock at Mid-Year by Origin and Destination. United Nations Department of Economic and Social Affairs, Population Division. [Available online](#).

Note: Estimates do not include unauthorized migrants.

Estimates cited in local media sometimes differ greatly: 2.2 million Indian migrants; 1.2 million Pakistani migrants; 700,000 Bangladeshi migrants; 680,000 Filipino migrants; and 400,000 Iranian migrants. Local media estimates for Egyptian migrants (300,000) do not place Egypt in the top five countries.

See Kader, Binsal Abdul. 2013. Indian Worker Pensions in UAE Soon. Gulf News, May 26, 2013. [Available online](#); Emirates 24/7. 2013. UAE Has 2.2m Indians: 40% from Kerala. May 13, 2013.

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## The Kafala System: Ongoing Challenges

Policy and enforcement gaps in the UAE enable foreign and local employers and recruitment agencies to violate local and international labor standards, and also undermine the UAE's efforts to uphold international human-rights obligations. The Kafala system has also presented a number of domestic challenges stemming from the country's dependence on foreign labor.

### *Human-Rights Considerations*

According to Human Rights Watch and other international rights advocates, the Kafala system exposes migrant workers to abuse in many forms, including exploitative working conditions, poor living accommodations, restrictions on freedom to organize or bargain collectively, and nonpayment of salaries (despite a mandatory electronic payment system in place since 2009). Sexual abuse and violence are also reported regularly, and the Philippine government has, on occasion, enforced temporary bans to prevent female workers from being deployed in certain countries, including the UAE, Jordan, and Iraq.

For its part, the UAE government recognizes gaps in implementation of labor laws and other mandates but contends that organizations like Human Rights Watch often turn a blind eye to past efforts and current policy developments to better protect migrant workers from abusive labor practices.

#### *Labor Complaints*

The UAE's legal adjudication process has struggled to keep up with the large volume of labor complaints filed by migrants and employers. In the first half of 2008, the number of labor dispute cases filed in Dubai courts was more than twice the number in the first half of 2007. As UAE companies and individual employers began to feel the effects of the global economic crisis in early 2008, many either filed bankruptcy or fled the country without paying their (primarily migrant worker) employees. Critics point out that there is insufficient institutional and staff capacity and funding, as well as lack in coordination between federal and local agencies to enforce labor laws.

#### *Recruitment Agencies*

Many recruitment agencies exploit workers by charging exorbitant visa fees leading to debt bondage (see **Migration's Middlemen: Regulating Recruitment Agencies in the Philippines-United Arab Emirates Corridor**). Although illegal in the UAE, it is difficult to combat this practice because many of these agencies operate outside of the country. The UAE has signed bilateral agreements with several sending countries, including Bangladesh, China, India, and Pakistan, with the aim of eliminating these “middlemen.”

#### *Economic Competition*

The UAE government struggles to ensure employment opportunities and career advancement for its own (very small) high-skilled workforce. Emirati professionals face constraints in all public, private, and quasi-government sectors. Additionally, limited lateral mobility to move from public or quasi-government sectors to the private sector is a critical problem for Emirati professionals. At worst, their previous public-sector work experience is simply not recognized or overlooked when applying for private-sector jobs (roughly analogous to the problem of foreign diploma recognition). At best, they must take pay cuts and/or suffer from occupational downgrade after managing to make a successful lateral move. Further, UAE nationals are often perceived as incompetent, lazy, and dependent, which negatively shapes and normalizes their value within the labor market. Employers generally prefer high-skilled expats and often ignore the presence of high-skilled UAE nationals, giving rise to economic competition between the two — and leaving Emirati professionals generally underutilized within the labor market.

Although the government facilitates equal access to entry-level employment opportunities in the public, quasi-government, and private sectors, little follow-up is carried out to evaluate UAE nationals' experiences within organizations and the labor market more generally. While there has been extensive public debate on the issue, little research has been conducted to probe into the

frequency or extent of the problem.

### **The UAE Government Responds**

To address this array of problems, the UAE government has reformed its laws as well as its bilateral agreements with labor-sending countries over the past several years. It has also scaled up its international cooperation on labor issues, and many Emirate-level governments have also taken steps to protect the rights of migrant workers.

#### *Labor Issues: Federal Actions and International Cooperation*

There have been several developments in terms of federal and Emirate-level laws and regulations to address labor issues in the UAE, including a “mid-day break” law passed in 2005 to protect construction and other outdoor workers from heat-related injuries. In addition, the Ministry of Labor established offices in the Dubai and Abu Dhabi courts to facilitate the handling of labor dispute cases.

One of the most notable actions to address labor issues has been the Wage Protection System (WPS), introduced in 2009, which aims to crack down on nonpayment of salaries in the private sector (mainly construction, retail, and small businesses). Since its launch, approximately 2.9 million workers and 205,000 of the UAE's 250,000 registered businesses have enrolled in the WPS, and more than 600 employers have been penalized. In 2007, businesses paid 52 million dihams (\$14.2 million) in unpaid wages after legal action.

Although domestic workers are not covered under the WPS, there have been a few other policy developments in their favor. The UAE Federal National Council in 2012 approved legislation to address the protection of domestic workers' rights (with provisions such as paid vacation and sick leave; the measure currently awaits the president's signature). In 2013, the UAE government amended a federal law to better safeguard victims of human trafficking, and also launched an awareness-raising campaign targeting those who may be in a position to combat trafficking, such as airport security personnel.

UAE officials have also shown openness to international cooperation on labor standards, for example taking an active role in the Abu Dhabi Dialogue, established in 2008, which brings together 11 origin countries and seven Asian destination countries and aims to create a regional framework for regulating labor migration.

The UAE government has longstanding bilateral relationships with several labor-sending countries, one prominent example being the Philippines. Relations between the UAE and Philippine governments began in 1981 with the Protocol Agricultural Cooperation. However, bilateral cooperation on labor issues only materialized in 2007 with the introduction of a standardized contract and protection for overseas Filipino workers (OFWs), particularly domestic workers, in the UAE.

*Immigration Enforcement: Amnesty, Migrant Worker Strikes*

In response to public concerns about illegal immigration and the hiring of unauthorized migrants, the UAE government has occasionally used restrictive immigration measures, for example imposing temporary bans on migrants from certain labor-sending countries or suspending the issuance of new visas (e.g. for workers from Bangladesh in 2012). The UAE government has also invested heavily in high-tech devices (e.g. requiring the use of iris scans for arriving travelers) to deter illegal immigration, and administers more restrictive labor immigration controls within and along its borders, including unannounced inspections.

The UAE government has also attempted to curb illegal immigration and illegal hiring through amnesty programs. In December 2012, the government announced a two-month amnesty program allowing unauthorized migrant workers to regularize their situations or leave the country without punishment. Close to 20,400 migrants had applied for amnesty by January 2013, according to local media (the total number is currently unavailable). Previously, about 95,000 unauthorized migrant workers took advantage of the 2007 amnesty campaign to find jobs and regularize their legal status.

However, UAE authorities have also reportedly used immigration enforcement measures to suppress collective action by migrant workers. According to local media reports, the government in May 2013 deported at least 43 migrant workers employed by an Emirati construction company, Arabtec, after they went on strike demanding increased wages and better working conditions. A similar situation took place in January 2011, reportedly leading to the deportation of around 70 migrant workers employed by the same company.

*Sending Countries, Civil Society Weigh In*

Major labor-sending countries have weighed in on protecting their nationals who work in the UAE. For example, in the Philippines, women receive predeparture orientation and training before taking up domestic work in the UAE. The Philippines has also shifted its efforts away from deploying low-skilled workers, particularly domestic workers, in favor of high-skilled workers who are supposedly less exposed to abuse. These efforts have seemingly begun to pay off; according to the Philippine Overseas Employment Administration, between 1997 and 2008 there was a 15 percent decrease in the share of low-skilled workers going to the UAE, and a sharp increase in the deployment of newly hired professionals and semi-skilled workers, such as in sales.

Over the past several years, civil society has also become increasingly engaged in reaching out to migrant workers in the UAE, as well as aspiring migrants. One example is the Lawyers for Human Rights International (LFHRI), an NGO based in India — the number one origin country of migrant workers in the UAE — which campaigns for protection of Indian workers overseas. Among the many aims of the organization is to raise awareness about human-rights abuses, for example campaigning in 2010 for an investigation into claims that Emirati police tortured 17 Indian migrant workers who were facing the death penalty for allegedly murdering a Pakistani national.

Another example is the extensive and dynamic Filipino civil society supporting its nearly 500,000 migrants (680,000 according to local media) in the UAE, the third most popular destination for OFWs after the United States and Saudi Arabia. Founded in 2003, the UAE chapter of Migrante International, an alliance of Filipino migrant organizations worldwide, advocates for stronger labor protections and penalties for recruitment agencies and employers that violate Filipino and UAE labor laws. They provide legal advice, temporary shelter, training, counseling, and other services for Filipino victims of employer abuse, especially domestic workers.

### *Economic Competition*

For the past decade, the UAE government has implemented a number of state programs to improve employment prospects for Emirati professionals in the private sector. The Absher Initiative, launched in 2012, aims to improve Emiratis' chances in the job market, and to provide them with “dignified standards of living by offering them stable and fulfilling career opportunities.” Other private-sector companies like Injazat and Abu Dhabi Islamic Bank have also partnered with various institutions (e.g. Emirates National Development Program) to improve employment opportunities for UAE nationals. While some claim that these state- and private-led initiatives have helped address UAE nationals' struggles in the job market, others point out that they fail at addressing the reality that the native-born workforce falls short of sustaining long-term economic growth.

### **A Regional Perspective**

Other GCC countries with large numbers of migrant workers are currently struggling with similar challenges and have intensified their efforts to regulate temporary labor migration over the past several years. Some have restricted inflows or carried out large-scale amnesty programs and/or deportation campaigns in response to concerns about illegal immigration and national security (e.g. Oman and Saudi Arabia). Others have led campaigns to increase the native-born share of their workforces (i.e. Saudi Arabia's 2009 “Saudization” law), concerned that high native-born unemployment, in particular among youth, will lead to unrest similar to what took place in countries that experienced the Arab Spring.

Labor migration flows to GCC countries are expected to grow in the coming decades, and will therefore remain a critical public policy challenge. The UAE — although one of the most liberal GCC countries and one that is seemingly proactive in addressing migration and human-rights issues — still struggles to balance labor market needs with native-born employment and a host of other pressing concerns.

An important first step will be to strengthen efforts in data collection and knowledge sharing across the Emirates, for example, to probe further into career trajectories of UAE nationals versus foreign-born professionals, or to identify the victims of human trafficking. Building on existing initiatives like the Abu Dhabi Dialogue, origin and destination countries could also expand data collection efforts to collectively ensure evidence-based policymaking and improved labor migration governance across the region.



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